

## Battle Creek City Income Tax

**Schedule 3 is not a tax return and must be attached to your Battle Creek Income Tax return Form BC-1040.**

This schedule is used for the computation of taxable income, for individuals who had income subject to the tax both as a resident and as a nonresident during the taxable year.

1. Social Security Number(s): (H) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ (W) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 2. Name: \_\_\_\_\_  
 3. Address and City: \_\_\_\_\_  
 4. Battle Creek resident time period: From: \_\_\_\_\_ To: \_\_\_\_\_  
 5. Previous Address: \_\_\_\_\_

COMPUTATION OF TAXABLE INCOME				COLUMN 1	COLUMN 2
6.	Enter gross income from employers for wages, salaries, commissions, tips, sickpay, etc. - indicate (W) for wife.	DATES WORKED FOR EMPLOYER	BC WITH-HOLDINGS	RESIDENT INCOME	NON-RESIDENT INCOME
	EMPLOYER'S NAME (List all W-2's)				
a.					
b.					
c.					
d.					
e.					
7.	W-2'S (Total line 6a - 6e)	7.			
8.	Taxable Interest Income		8.		
9.	Dividend Income		9.		
10.	Alimony received from _____		10.		
11.	Business income or loss (Attach Schedule C)		11.		
12.	Capital gain or loss (Attach schedule D)		12.		
13.	Capital gain distributions not reported on Line 12		13.		
14.	Other gains or losses (Attach Form 4797)		14.		
15.	Total IRA distributions		15.		
16.	Rents, royalties, partnerships, estates, trusts, etc. (Attach Schedule E)		16.		
17.	Farm income or losses (Attach Schedule F)		17.		
18.	Other income (list type and amount) _____		18.		
19.	ADD LINES 7 through 18. Column's 1 & 2		19.		
	<b>TOTAL INCOME</b>				

## COMPUTATION OF DEDUCTIONS

20.	(a) IRA deduction (Attach proof of payment)	20a.		
	(b) Employee business expenses (Attach BC-2106)	b.		
	(c) Moving expenses (into Battle Creek City only)	c.		
	(d) Alimony (do not include child support) Paid to _____	d.		
	(e) Keogh	e.		
	(f) ADD LINES 20a through 20e	20f.		
	<b>TOTAL DEDUCTIONS</b>			

## COMPUTATION OF TAX

21.	LINE 19 minus LINE 20f	<b>TOTAL INCOME</b>	21.		
22.	Exemptions - subtract for exemption _____ x \$750.00		22.		
	<i>Please do not take exemptions in both columns</i>				
23.	Taxable Income - LINE 21 minus LINE 22		23.		
24.	Tax- Resident Income: Multiply LINE 23, column 1 by 1% (.01)		24.		
25.	Tax - Nonresident Income: Multiply LINE 23, column 2 by 1/2% (.005)		25.		
26.	ADD LINES 24 and 25 (enter here and on page 1 of the BC 1040 Line 7)	<b>TOTAL TAX</b>	26.		

# INSTRUCTIONS FOR SCHEDULE 3 OF BC-1040

## GENERAL INFORMATION

The tax rate is 1% on the taxable income of a resident of Battle Creek regardless of where earned and 1/2% on the taxable income earned in Battle Creek by a nonresident.

Certain kinds of income are taxed differently to residents and nonresidents. The purpose of Schedule 3 is to help the taxpayer who earned income inside Battle Creek both as a resident and as a nonresident determine what income is taxable.

**Schedule 3 must be filed with a Battle Creek individual Tax Return (BC-1040).** The instructions to the Resident Individual Return apply to income earned while a resident of Battle Creek. The instructions to the Battle Creek Nonresident Individual Return apply to income earned in Battle Creek while a nonresident. The instructions to both returns should be read before attempting to fill out Schedule 3.

Page 2 of the BC-1040 return must be filled out where required and the totals carried over to the appropriate lines on the Schedule 3. **When supporting schedules are called for they must be attached.**

On page 1 of Schedule 3 complete lines 1 through 3 the same as appears on your BC-1040 return. On lines 4 enter the time period you were a resident of Battle Creek, on line 5 enter your previous address. This information on lines 4 & 5 should also be entered on the BC-1040 return, page 2 Schedule 3 (A).

Line 6a through 6e list all W-2's, show Employer's name; Battle Creek City tax withheld; from what date to what date you worked for that employer and total taxable wage shown in box 10 of the W-2. Column 1 is for income earned while you were a resident of Battle Creek. Column 2 is for income earned while you were a nonresident. Lines 7 through 19 of Schedule 3 describe the kinds of income subject to tax as it appears on the Federal 1040 return. Line 7 is the total of lines 6 a through 6 e.

### LINES 1 THROUGH 5

- Line 1 Social Security number(s).
- Line 2 Name(s).
- Line 3 Address: Street; P O Box; City State & Zip Code.  
(The same as shown on your BC 1040 return.)
- Line 4 Battle Creek resident time period,  
(from what date to what date) during the tax year.
- Line 5 Previous Address: Number Street; P O Box; City, State and Zip Code.

## COMPUTATION OF TAXABLE INCOME

### LINE 6 (a) THROUGH 6 (e)

#### ALL WAGES, SALARIES, COMMISSIONS, TIPS, SICK PAY, ETC.

List each W-2 you and your spouse, (if you are filing a joint return) received for the tax year. Complete all the information as requested. Show the total Battle Creek Tax

Withheld. The total income shown in box 1 of the W-2 should appear as the combined totals in Columns 1 and 2. The amounts earned while a resident of Battle Creek must be reported in Column 1 regardless of where earned. Your income earned in Battle Creek while a nonresident would be the remaining amount if your work place was located inside the City of Battle Creek. You may allocate if only part of your nonresident income was earned in Battle Creek. This is calculated by using Schedule 1 located on page 2, then enter in Column 2 of Schedule 3. (If more than one W-2 must be allocated, each one must be calculated separately.)

### LINE 7

Enter the totals of lines 6(a) through 6(e) for each column, on line 7. The total Battle Creek City tax Withheld must be carried forward to the BC-1040 return page 1 line 8.

#### NOTE:

**REFUNDS FROM STATE AND LOCAL INCOME TAX; PENSIONS AND ANNUITIES; UNEMPLOYMENT AND SOCIAL SECURITY** are not taxable on your City of Battle Creek return.

The following instructions for specific kinds of income must be used together with the instructions for the Battle Creek Resident and Nonresident returns. When "X's" appear in Column 2 it means that income while you were a nonresident is not taxable. The shaded lines in Column 2 indicate the nonresident portion of that type of income is not taxable to the City of Battle Creek.

### LINE 8 - INTEREST RECEIVED

(Less interest from government obligations) while a resident is taxable regardless of its origin and must be entered in Column 1. Interest received while a nonresident is not taxable.

### LINE 9 -DIVIDEND INCOME

Received while a resident is taxable and must be entered in Column 1. Dividend income received while a nonresident is not taxable.

### Line 10- ALIMONY RECEIVED

While a resident is taxable and must be reported in Column 1 regardless of its origin. Alimony received while a nonresident is not taxable.

### Line 11-BUSINESS AND PROFESSIONAL INCOME

(From Page 2 Schedule 2 BC-1040) earned while a resident of Battle Creek is taxable regardless of where the business or profession is conducted. For the taxability of business and professional income earned in Battle Creek while a nonresident see the instructions for the nonresident return. The Keogh retirement deduction is deductible from taxable business and professional income entered on line 11. The Keogh Deduction must be allocated between resident and nonresident status in the same manner as income. And must be taken below in the Computation Of Deductions section of this schedule.

## **LINES 12 - 13 - 14**

### **CAPITAL GAIN OR LOSS FROM THE SALE OR EXCHANGE OF PROPERTY**

- Your residency status on the date the sale or exchange of property took place determines whether the sale or exchange is considered a transaction by a resident or nonresident. Sale or exchange while a resident - if the property was acquired and sold after July 1, 1967 and you were a resident on the date of sale, use the same gain or loss on the property that appears on your federal return. If the property was acquired prior to July 1, 1967, see instructions to the Resident return detailing how to determine the taxable portion of the gain or loss.

Gains or losses from the sale of both tangible and intangible property are taxable to residents. The location of the property at the time of sale is immaterial.

Sale or exchange while a nonresident - Only that portion of the gain or loss which occurred after July 1, 1967, from the sale of tangible property located in Battle Creek is taxable to nonresidents.

The gain or loss from the sale of intangible property is not taxable to a nonresident.

### **LINE 15-IRA DISTRIBUTION RECEIVED**

While a resident is taxable. Enter in Column 1. IRA distributions received while a nonresident is taxable to the extent it was deducted on your Battle Creek return, while paying into the fund.

### **LINE 16-INCOME (OR LOSS) FROM RENTS, ROYALTIES, ETC.**

All rental income earned while a resident must be reported regardless of the location of the property. Nonresidents must report only that portion of rental income derived from the rental of real and tangible personal property located in Battle Creek (see the instructions to the nonresident return).

### **PARTNERSHIP INCOME (OR LOSS)**

Residents must report all partnership income regardless of where the partnership is located or does business (attach copy of federal Schedule K-1)

Nonresidents must report only that portion of partnership income (or loss) allocated to the City on the partnerships Battle Creek Partnership Return (BC-1065). If there is no Partnership Return on file the processing of the individual return will be delayed until a Partnership Return is filed. S CORPORATIONS (OPTION CORPORATIONS) are not recognized under the Battle Creek Uniform City Income Tax Ordinance. You must file a regular Corporation return BC-1120 form and pay tax on the net earnings. Distributions of ordinary income or dividends are taxable to stock holders when distributed.

### **LINE 17-FARM INCOME (OR LOSS)**

Residents must report all farm income (or loss) regardless of where the farm is located (**Attach copy of Federal Schedule F**).

Nonresidents must report only that portion of farm income (or loss) allocated to the City of Battle Creek on the Schedule F.

### **LINE 18-OTHER INCOME**

Received as a resident is taxable and must be entered in Column 1, if taxable on your Federal Return. And not specifically noted as not taxable to the City of Battle Creek either in these instructions or the BC-1040 instructions. Nonresidents must report only that portion of other income allocated to the City of Battle Creek.

### **LINE 19-TOTAL INCOME**

Add the amounts shown on lines 7 through 18 in all columns.

## **COMPUTATION OF DEDUCTIONS**

### **LINE 20-DEDUCTIONS**

Residents and nonresidents are limited to the deductions listed on line 20 a through 20 e. Deductions must be allocated in the same manner your income is allocated. See the resident and nonresident instructions for line 3 of your BC 1040 return.

## **COMPUTATION OF TAX**

### **LINE 21-TOTAL INCOME**

Line 19 less Line 20 f. in both Column 1 and Column 2.

### **LINE 22-PERSONAL EXEMPTIONS**

The amount allowed for exemptions is first applied against resident income. If the amount allowed for exemptions exceeds resident income, such excess is then applied against nonresident income. Complete the exemption section of the Battle Creek BC 1040 return in the area marked EXEMPTIONS and enter the total number of exemptions, on line 22 of Schedule 3. If line 22 of Column 1 exceeds resident income on line 21 enter the excess on line 22 Column 2.

### **LINE 23-TAXABLE INCOME**

Line 21 less Line 22 in both Column 1 and Column 2.

### **LINE 24-TAX - RESIDENT INCOME**

The tax rate for residents is 1%. Multiply the amount on Line 23 Column 1 by (.01) and enter the result on Line 24.

### **LINE 25-TAX - NONRESIDENT INCOME**

The tax rate for nonresidents is 1/2%. Multiply the amount on Line 23 Column 2 by (.005) and enter the result on Line 25.

### **Line 26-TOTAL TAX**

Add lines 24 and 25 and enter on line 26. (Also enter this total to Page 1, Line 7 of your BC 1040 return).

**PLEASE BE SURE TO ATTACH ALL W-2'S AND SCHEDULES TO THE BACK OF YOUR BC-1040 RETURN ALONG WITH THIS SCHEDULE 3.**